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**U.S. Trade Representative Robert B. Zoellick Meets With Indonesian
President Megawati To Discuss Strengthening U.S.-Indonesian Ties**

***In Support of Indonesian Democracy and Economic Reforms,
Bush Administration to Provide Special Duty-Free Status to Certain Indonesian Products***

WASHINGTON - Following President Bush's meeting today with Indonesian President Megawati Sukarnoputri, U.S. Trade Representative Robert B. Zoellick met with President Megawati to discuss ways to further strengthen the relationship between the two countries by expanding trade.

As part of this effort to expand U.S.-Indonesian trade and as a measure of support for the new Megawati government, its economic reform efforts, and Indonesian democracy, the Bush Administration today announced it will expand Indonesia's benefits under the Generalized System of Preferences (GSP) to 11 more products ranging from lumber and mining to fishing. These new benefits will exempt these products from duties and encourage more trade. We estimate that these new trade benefits cover over \$100 million in imports.

"I was honored that President Bush sent me last month to visit Indonesia, the world's most populous Muslim country, soon after President Megawati's new government took office," said Zoellick. "Today, the U.S. announced it will augment Indonesia's GSP benefits in order to support President Megawati as the leader of the world's largest Muslim democracy, and to help encourage growth prospects for the Indonesian economy."

"With U.S. exports of goods and services to Indonesia totaling nearly \$4 billion in 2000, expanding trade with Indonesia means new opportunities for American workers, consumers, farmers, and entrepreneurs," Zoellick added.

President Megawati and Ambassador Zoellick also discussed the preparations for a new round of global trade negotiations in the World Trade Organization (WTO). "Trade is particularly vital today for

developing nations that are increasingly relying on the international economy to overcome poverty and create opportunity. A successful WTO meeting in Doha will strengthen the world trading system as a dynamic engine of international growth, development, and openness,” said Ambassador Zoellick.

Ambassador Zoellick will meet September 20th with Indonesian Minister of Industry and Trade Rini Soewandi.

GSP Background:

The GSP program was established in 1974. It offers duty-free access to the U.S. market for a wide range of products when imported from designated beneficiary developing countries. The program is a fundamental tool in encouraging trade and development, and reflects the U.S. commitment to an open world trading system.

The GSP statute authorizes the President to restore GSP treatment for products from individual beneficiary developing countries that previously lost GSP eligibility because imports from such countries in a prior year exceeded the statute’s quantitative limits. Once imports of these products from any such beneficiary country again fall below these limits, the President may restore that country’s GSP eligibility for imports of these products. He has exercised that authority with regard to the 11 products for Indonesia. In recent years redesignations have been infrequent.

The GSP statute is scheduled to expire on September 30th. The Administration has requested the Congress to promptly reauthorize the program. In the past the Congress has reauthorized GSP on a retroactive basis.

Below is a list of the GSP products covered by today’s announcement:

List of Indonesian Products To Be Given GSP Benefits

| <u>HTS No.</u> | <u>Description</u> |
|----------------|---|
| 1301.90.40 | Turpentine gum (oleoresinous exudate from living trees) |
| 1604.14.50 | Tuna and skipjack, not in airtight containers, not in bulk |
| 1605.90.55 | Prepared or preserved snails, other than sea snails |
| 2603.00.00 | Copper ores and concentrates |
| 3824.60.00 | Sorbitol other than that of subheading 2905.44 |
| 4412.13.25 | Plywood sheet not over 6 mm thick, tropical hardwood outer ply |
| 4412.14.30 | Plywood sheets not over 6 mm thick, outer ply of nontropical hardwood |
| 4412.14.55 | Plywood sheets not over 6 mm thick, outer ply of nonconiferous wood |
| 4412.92.50 | Plywood of softwood outer plies, at least 1 ply tropical hardwood |
| 4602.10.23 | Rattan or palm leaf articles of a kind normally carried in the pocket or in the handbag |

9001.30.00

Contact lenses

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